# STATE OF NEVADA PERMANENT SCHOOL FUND

FINANCIAL STATEMENTS
FOR THE QUARTER ENDED DECEMBER 31, 2000

KATHY AUGUSTINE STATE CONTROLLER CARSON CITY, NEVADA

# PERMANENT SCHOOL FUND

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# **PERMANENT SCHOOL FUND**

# **BALANCE SHEETS**

December 31, 2000 and 1999

		Exhibit A
Assets	12/31/2000	12/31/1999
Cash and cash equivalents	\$ 20,461,991	\$ 25,585,284
Accrued interest Investments	687,908	267.446
Treasurer	264,140	367,146 351,288
ricasurci	204,140	
Total accrued interest	952,048	718,434
Receivables		
Escheated estates	288,981	465,458
Fines and penalties	356,151	352,908
Total receivables	645,132	818,366
Investments		
Land contracts	120	120
U.S. Government securities	64,690,867	49,937,460
Total investments	64,690,987	49,937,580
Land held by State Land Office	2,977	2,977
Total Assets	\$ 86,753,135	\$ 77,062,641
Liabilities		
Due the Distributive School Account	\$ 4,953,603	\$ 1,331,611
Fund balances	81,799,532	75,731,030
Total Liabilities and Fund Balances	\$ 86,753,135	\$ 77,062,641

The notes to the financial statements and schedules are an integral part of this statement.

#### PERMANENT SCHOOL FUND

# STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

For the Quarter and Six Months Ended December 31, 2000

		Exhibit B		
Operating Revenues	Quarter Ended 12/31/2000	Six Months Ended 12/31/2000		
Fines - State Penal Laws Justice Courts District Courts Other Fines and Penalties Total fines	\$ 820,036 193,529 5,000 1,018,565	\$ 1,618,157 401,528 7,000 2,026,685		
Investment income Land sales Miscellaneous  Total operating revenues/income	2,837,050 795,950 6,521 4,658,086	4,953,604 954,060 15,273 7,949,622		
Operating Transfers				
Transfer from (to) Escheated Estates Fund Transfer to Distributive School Account	(8,802) (2,837,050)	6,354 (4,953,604)		
Net operating transfers	(2,845,852)	(4,947,250)		
Net income	1,812,234	3,002,372		
Fund balances, beginning of period	79,987,298	78,797,160		
Fund balances, December 31	\$ 81,799,532	\$ 81,799,532		

The notes to the financial statements and schedules are an integral part of this statement.

#### **PERMANENT SCHOOL FUND**

# STATEMENTS OF CASH FLOWS

For the Quarter and Six Months Ended December 31, 2000

FOI the Quarter and Six Months Ender	u Dec	elliber 31, 2000	,		Exhibit C	
	Quarter Ended 12/31/2000			Six Months Ended 12/31/2000		
Cash flows from operating activities:					_	
Justice Court fines	\$	919,024		\$	1,687,302	
District Court fines		202,231			377,341	
Other fines and penalties		5,000			7,000	
Public land sales		944,460			1,200,946	
Miscellaneous income		6,520			15,272	
Net cash provided by operating activities		2,077,235			3,287,861	
Ocale flavor frame and a site of financian and initial						
Cash flows from noncapital financing activities:		11,479			70,239	
Operating transfer in Operating transfer out						
Net cash provided by (used for) noncapital		0			(2,979,547)	
financing activities		11,479			(2,909,308)	
iniancing activities		11,479			(2,909,300)	
Cash flows from investing activities:						
Treasurer's interest distribution		201,919			414,146	
Investment interest		1,684,792			2,138,316	
Purchased interest		0			75,022	
Net cash provided by (used for) investing activities	-	1,886,711			2,627,484	
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Net increase (decrease) in cash and cash equivalents		3,975,425			3,006,037	
Cash and cash equivalents at beginning of period		16,486,566			17,455,954	
Cash and cash equivalents at end of period	\$	20,461,991		\$	20,461,991	
Reconciliation of net operating income to cash provided by o	perat	ing activities:				
Total operating income Adjustments to reconcile operating income to net cash provided by operating activities:	\$	4,658,086		\$	7,949,622	
Decrease (increase) in accrued receivables		256,199			291,843	
Investment income reported as operating income		(2,837,050)			(4,953,604)	
investment income reported as operating income		(2,007,000)			(4,333,004)	
Net cash provided by operating activities	\$	2,077,235		\$	3,287,861	

The notes to the financial statements and schedules are an integral part of this statement.

#### PERMANENT SCHOOL FUND

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

#### Basis of Accounting:

Transactions are recorded on the accrual basis of accounting in accordance with generally accepted accounting principles.

#### Treasurer's Interest Accrual:

For the quarter ended December 31, 2000, the Permanent School Fund's average balance in the State Treasurer's investment pool was \$15,898,157.35. Accrued earnings from the investment pool are transferred quarterly to the Permanent School Fund based on its proratable share of average weekly cash balances.

For the quarter ended December 31, 2000, funds held by the State Treasurer earned interest at an effective rate of 6.65 percent.

#### Investments:

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, which the Permanent School Fund implemented during the fiscal year ending June 30, 1998. In accordance with GASB Statement No. 31, all investments are stated at fair value, which approximates market value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

#### PERMANENT SCHOOL FUND

#### **GENERAL**

Article 11, Section 3 of the Constitution of the State of Nevada provides that all estates that escheat to the state; proceeds from the sale of lands given or bequeathed under this section; and fines collected under the penal laws of the state shall be pledged for educational purposes only, and shall not be transferred to any other funds for other uses. The 1956 special session of the Legislature enacted Chapter 32, which provided for the creation of the State Permanent School Fund to account for the money accruing to the State of Nevada under Article 11, Section 3 of the State Constitution.

The Permanent School Fund was created as a nonexpendable trust fund. This designation ensures that the corpus of the Fund will be preserved. All earnings on the Fund's assets are transferred to the Distributive School Account of the General Fund which apportions it among the several school districts of the state, in accordance with State Statutes.

The 1997 legislature added Nevada Revised Statutes 387.513 through 387.528. These statutes allow school districts to enter into guarantee agreements with the State Treasurer whereby the money in the Permanent School Fund is used to guarantee the debt service payments on certain bonds issued by the school districts. The amount of the guarantee for bonds of each school district outstanding, at any one time, must not exceed \$25 million. The following table shows the status of bond guarantees at December 31, 2000.

School District	Issue Date	Original Amount	Balance
White Pine County	March 1, 1998	7,510,000	7,510,000
Douglas County	April 1, 1998	8,710,000	8,545,000
Nye County	April 1, 1999	17,545,000	16,665,000
Churchill County	August 1, 2000	3,655,000	3,655,000

#### **REVENUE SOURCES**

The following schedule illustrates some of the potential revenue sources of the Permanent School Fund:

- Surplus on sale of unclaimed freight after charges of common carriers and warehousemen (NRS 108.430)
- Surplus on sale of property after charges of bailees for hire (NRS 108.460)
- Escheated estates (NRS 154.115)
- Fees of the State Land Registrar (NRS 321.065)
- All moneys accruing to the State of Nevada from sale of lands heretofore given or bequeathed, or that
  may hereafter be given or bequeathed, for public school purposes (Art. 11, Sec. 3)
- All fines collected under the penal laws of the state (Art. 11, Sec. 3)
- Fines imposed by courts-martial (NRS 412.086)
- Fines resulting from suits on excavations (NRS 455.050)
- All fines and penalties for violations of the criminal provisions of the Unemployment Compensation Act (NRS 612.585)
- Penalties imposed on banks for failure to make certain reports (NRS 665.115)

# **PERMANENT SCHOOL FUND**

# **SCHEDULE OF INVESTMENTS**

December 31, 2000

# Schedule 1

	Interest Rate	Maturity Date	Face Amount	Cost	Fair Value
Fixed Income Securities					
U.S. Treasury Note Fed. Nat'l. Mortgage Assoc. Fed. Nat'l. Mortgage Assoc. Fed. Nat'l. Mortgage Assoc. Fed. Home Loan Bank Note	7.500 5.750 6.500 6.850 7.250 6.875 6.300 6.905	11/15/01 9/12/05 12/22/04 2/15/08 11/1/06 11/22/06 6/1/04 10/18/04	\$ 5,000,000 4,500,000 13,000,000 10,675,000 5,000,000 6,500,000 10,000,000	\$ 5,001,750 4,324,230 12,997,969 9,760,953 5,018,750 6,500,000 10,009,100 9,837,600	\$ 5,078,100 4,487,355 12,945,140 10,566,542 4,995,300 6,494,930 9,959,400 10,164,100
Total Fixed Income Secur		16/16/61	\$ 64,675,000	63,450,352	64,690,867
Fixed Income Contracts					
Land Contract	6.000	7/18/99		120	 120
Total Investments				\$ 63,450,472	\$ 64,690,987

# **PERMANENT SCHOOL FUND**

#### SCHEDULE OF JUSTICE COURT FINES BY COUNTY

For the Quarter and Six Months Ended December 31, 2000

		Schedule 2
County	Quarter       Six II         Ended       Er         12/31/2000       12/3	
Carson City	\$ 8,574	\$ 15,891
Churchill	13,976	25,171
Clark	417,748	847,486
Douglas	9,631	17,929
Elko	36,150	56,181
Esmeralda	2,016	4,231
Eureka	9,051	22,444
Humboldt	0	0
Lander	993	3,043
Lincoln	2,510	6,849
Lyon	30,018	57,769
Mineral	75	165
Nye	46,145	114,163
Pershing	1,523	3,127
Storey	0	0
Washoe	240,536	442,128
White Pine	1,090	1,580
Total	\$ 820,036	\$ 1,618,157

# PERMANENT SCHOOL FUND

# **SCHEDULE OF DISTRICT COURT FINES BY COUNTY**For the Quarter and Six Months Ended December 31, 2000

Sc	he	du	ıle	:

County	Quarter Ended 12/31/00	Six Months Ended 12/31/00	Quarter Ended 9/30/2000	
Carson City	\$ 10,678	\$ 17,000	\$ 6,322	
Churchill	3,432	8,275	4,843	
Clark	100,130	201,376	101,246	
Douglas	3,435	16,916	13,481	
Elko	18,005	42,141	24,136	
Esmeralda	300	400	100	
Eureka	0	0	0	
Humboldt	1,333	7,181	5,848	
Lander	1,625	2,545	920	
Lincoln	5,715	8,327	2,612	
Lyon	7,115	9,890	2,775	
Mineral	340	1,365	1,025	
Nye	3,715	11,623	7,908	
Pershing	559	1,668	1,109	
Storey	0	0	0	
Washoe	34,996	68,239	33,243	
White Pine	2,151	4,582	2,431	
Total	\$ 193,529	\$ 401,528	\$ 207,999	

# **PERMANENT SCHOOL FUND**

# SCHEDULE OF INVESTMENT INCOME EARNED

For the Quarter Ended December 31, 2000

			<u>S</u>	chedule 4
Interest:	Data of	F	1	4 4
In a strong to	Rate of	Face		vestment
Investments:	Interest	Amount		Income
U.S. Treasury Note	7.500	\$ 5,000,000	\$	93,750
Fed. Nat'l. Mortgage Assoc.	6.500	13,000,000		211,250
Fed. Nat'l. Mortgage Assoc.	5.750	4,500,000		64,687
Fed. Nat'l. Mortgage Assoc.	6.850	10,675,000		180,149
Fed. Home Loan Bank Note	7.250	5,000,000		90,625
Fed. Home Loan Bank Note	6.875	6,500,000		111,719
Fed. Home Loan Bank Note	6.300	10,000,000		157,500
Fed. Home Loan Bank Note	6.905	10,000,000		172,625
				1,082,305
Interest Paid on Cash Equivalents				9,854
Total interest on investments				1,092,159
Coord avantou Turos unada distribution				004444
Second quarter Treasurer's distribution				264,141
Total interest				1,356,300
Change in fair value of investments:				
Second quarter change in fair value of investments				1,480,750
Total investment income earned for the quarter $\epsilon$	ended Decembe	er 31, 2000	\$	2,837,050